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Managing Director*

November 9, 2008

Ms. Anne Stausboll
Interim Chief Investment Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Revision of Shareowner Activities Policies

Dear Anne,

You requested Wilshire's opinion with respect to Staff's proposed revision of the Shareowner Activities Policies: the Economically Targeted Investments Program Policy, Policy on Corporate Governance Director Nominations and the Policy on Representation on Corporate Boards of Directors. These revisions are part of the Policy Review and Consolidation Project.

Recommendation

Wilshire recommends that the Investment Policy Subcommittee approve these policies. Wilshire has reviewed the changes to each of the policies and notes that the changes largely reflect the goals of the Policy Project. No significant changes have been made to the intent of the policies and Wilshire feels that the intent of each of the Policies reflects the wishes of the Investment Committee.

Discussion

Wilshire has provided input to Staff on the proposed changes, although the intent of the policies remains the same. The revised policies conform to the new policy template in use throughout the Policy Project. Each of the Policies provides a reporting mechanism to keep the Investment Committee informed of the portfolio's compliance with the Policy (in the case of the ETI Policy) and of Staff's work with Board (in the case of the other two). References that appear in the policies have been updated to reflect other changes (e.g., the Corporate Governance Director Nominations Policy now refers to CalPERS' Global Principles of Accountable Corporate Governance, the updated title of the combined document).

Conclusion

In conclusion, Wilshire believes that the proposed policies should be adopted by the Investment Policy Subcommittee. The changes are largely administrative and the intent of each of the policies remains intact.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Ann J. Smith". The signature is fluid and cursive, with the first name "Ann" and last name "Smith" clearly distinguishable.